

STATE OF INDIANA



INDIANA UTILITY REGULATORY COMMISSION
302 W. WASHINGTON STREET, SUITE E-306
INDIANAPOLIS, INDIANA 46204-2764

<http://www.state.in.us/iurc/>
Office: (317) 232-2701
Facsimile: (317) 232-6758

**VERIFIED JOINT PETITION OF PSI ENERGY, INC.,)
INDIANAPOLIS POWER & LIGHT COMPANY,)
NORTHERN INDIANA PUBLIC SERVICE)
COMPANY, AND VECTREN ENERGY DELIVERY)
OF INDIANA, INC. FOR APPROVAL OF CERTAIN)
CHANGES IN OPERATIONS THAT ARE LIKELY)
TO RESULT FROM THE MIDWEST INDEPENDENT)
TRANSMISSION SYSTEM OPERATOR, INC.,'S)
IMPLEMENTATION OF ENERGY MARKETS, AND)
FOR DETERMINATION OF THE MANNER AND)
TIMING OF RECOVERY COSTS RESULTING)
FROM THE MIDWEST INDEPENDENT)
TRANSMISSION SYSTEM OPERATOR, INC.'S)
IMPLEMENTATION OF STANDARD MARKET)
DESIGN MECHANISMS, SUCH AS THE MIDWEST)
INDEPENDENT TRANSMISSION SYSTEM)
OPERATOR, INC.'S PROPOSED REAL-TIME AND)
DAY-AHEAD ENERGY MARKETS.)**

FILED

SEP 26 2005

**INDIANA UTILITY
REGULATORY COMMISSION**

CAUSE NO. 42685

You are hereby notified that on this date the Indiana Utility Regulatory Commission ("Commission") has caused the following entry to be made:

Pursuant to the terms of the Final Order ("Final Order") issued in this Cause on June 1, 2005, a Technical Workshop was conducted on July 26, 2005 at 9:30 a.m. EST in Conference Center 32 of the Indiana Government Center South, Indianapolis, Indiana. The Technical Workshop provided the parties with an initial opportunity to work cooperatively toward the development of forms/schedules for use in subsequent fuel adjustment clause ("FAC") proceedings.

In an effort to facilitate the discussion and resolution of issues during the initial Technical Workshop, on July 12, 2005, the Presiding Officers issued a Docket Entry that outlined a number of issues to be discussed at the Technical Workshop. Following the initial Technical Workshop on August 9, 2005, the Indiana Industrial Energy Consumers, Inc. ("INDIEC") submitted comments in response to the *Proposal for Midwest ISO Fuel Cost Recovery* submitted at the Technical Workshop by PSI Energy, Inc., Indianapolis Power & Light Company, Northern Indiana Public Service Company, and Vectren Energy Delivery of Indiana, Inc. (collectively, the "Joint Petitioners"). On September 1, 2005, the Joint Petitioners' filed a Response to INDIEC's Comments ("Response").¹

1. The record in this matter is closed and consideration of the issues in the Technical Workshops is limited to efforts to develop uniform forms/schedules to be utilized in subsequent FAC proceedings. Comments regarding the issues discussed should be provided to all parties and to commission staff. It is not necessary to formally file comments with the Commission regarding discussions at the Technical Workshops.

While it appears that the parties made substantial progress at the initial Technical Workshop, the Presiding Officers find that an additional technical workshop is necessary to allow the parties to continue their efforts to reach consensus regarding the specific forms/schedules to be utilized in future FAC proceedings. As the parties' discussion of the issues to be considered in the Technical Workshops is incomplete, the use of specific forms, schedules, or approaches, which might be impacted by our consideration and resolution of issues during the Technical Workshops, would be premature. While we find that a second Technical Workshop may assist the parties in reaching consensus on the forms and schedules to be utilized, the Presiding Officers note that if the parties are unable to reach consensus following the second Technical Workshop, it will be necessary for the Commission to make a final determination regarding the forms and schedules to be utilized. This can be done as part of the Joint Petitioner's subsequent FAC proceedings.

Accordingly, the parties should be prepared to discuss the following issues at the second Technical Workshop:

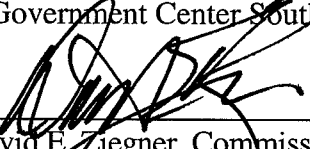
1. The treatment of line losses in FAC proceedings. In considering this issue the Presiding Officers note that recent FAC filings made by Northern Indiana Public Service Company ("NIPSCO") and Indianapolis Power and Light ("IPL") reflect differing methodologies regarding the treatment of line losses. The differing approaches taken by these two entities reflect the need for further discussion of this issue to ensure that the methodology to be utilized by the Joint Petitioners approximates the value of transmission line loss removal in a manner that is consistent with requirements set forth in the Final Order in this Cause.
2. In their testimony in this Cause, the Joint Petitioners proposed that Day Ahead ("DA") and Real Time ("RT") RSG charges ("charges") be collected via their proposed IC 8-1-2-42(a) trackers. The Joint Petitioners further proposed that the DA and RT Recovery of Unit Commitment Costs ("credits") be flowed through as part of their respective FAC proceedings. In the Final Order the Commission approved flowing credits through as part of FAC proceedings and, depending on the specific findings applicable to each of the Joint Petitioners, indicated that charges should be deferred. The Joint Petitioners are now seemingly proposing to flow both *charges and credits* through FAC proceedings. If this is the objective of the Joint Petitioners, they should be prepared to discuss how *charges and credits* can be flowed through FAC proceedings when the Final Order indicates that only *credits* are to flow through FAC proceedings.
3. In Cause No. 42736-RTO 3, PSI requested that it be allowed to include revenues received from MISO's Uninstructed Deviation Charge Distribution Uplift in its Rider 68 filings as it concluded that this treatment more closely reflected MISO's bill methodology. The Commission approved this request in the order issued in Cause No. 42736-RTO 3 on September 14, 2005. The remaining Joint Petitioners should be prepared to discuss how they intend to

handle the Uninstructed Deviation Uplift revenues as a result of the commingling of the Neutrality Uplift revenues.

4. Exhibits A and A-1 from the Joint Petitioner's Response should be cross-referenced with the proposed schedules contained in Exhibit B in the same filing. The Joint Petitioners should clearly define how the charges on Exhibits A and A-1 are grouped and incorporated into the 8 line items on Schedule 7.

The Second Technical Workshop is hereby scheduled for October 11, 2005 at 9:30 a.m. EST in Conference Center 32 of the Indiana Government Center South, Indianapolis, Indiana.

IT IS SO ORDERED.



David E. Ziegner, Commissioner



Scott R. Storms, Chief Administrative Law Judge

Date: September 26, 2005